



# State of Utah

DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF STATE LANDS AND FORESTRY

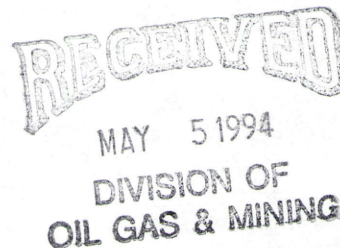
Michael O. Leavitt  
Governor

Ted Stewart  
Executive Director

Scott Hirschi  
Division Director

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355 West North Temple  
Salt Lake City, Utah 84180-1204  
801-538-5508  
801-355-0922 (Fax)

May 4, 1994



CERTIFIED MAIL NO. P 051 448 202

J.L. Anderson  
Anderson Supply Co.  
2116 South 750 West  
Woods Cross, UT 84087

Dear Mr. Anderson:

RE: ML 44272 Clay; S/049/018 Utah County

The terms and conditions of the above numbered clay lease and the rules of the division require that upon submitting a notice of intent to commence mining the Lessee shall, upon Lessor's request, post a reclamation bond with the division of not less than \$5,000 per acre of intended surface disturbance. Division records indicate that you submitted a notice of intent to mine five acres of land within the above numbered lease but have not yet posted bond.

You are requested to immediately submit a surety bond in the amount of \$25,000 using the enclosed bond of lessee form. The surety must be registered in Utah. In-lieu of a surety bond you may submit a \$25,000 short term, renewable, certificate of deposit with a Utah banking institution, providing the division is listed as a co-owner of the CD.

Also, the terms and conditions of the lease require payment of royalty @5% of gross value not later than the last day of the month next succeeding the month of production upon all leased substances that are produced and shipped from the leasehold. Division rules require payment of interest upon delinquent royalties at the average adjusted prime rate plus 4%, compounded semiannually. Division records do not indicate any production or royalty payment for this lease.

I am enclosing a production and royalty report form. Please immediately report all production which has occurred under this lease and submit all royalty payment and interest which may be due.

Failure to comply with these requests within the next 30 days may subject the lease to cancellation pursuant to Article XIX of the lease agreement.

Thank you for your cooperation in these matters. Please call me if you have any questions.

Sincerely,

JOHN T. BLAKE  
MINERAL RESOURCES SPECIALIST

JTB/tdw

cc: Wayne Hedberg

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